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EXTRACT from a Report of the Committee of the Honourable the Privy Council, approved by His Excellency on January 23, 1902.

On a report, dated January 22, 1902, from the Right Honourable Sir Wilfrid Laurier submitting that the Canadian Pacific Railway Company propose to increase the capital stock of the company by twenty millions of dollars (\$20,000,000) for the purpose of meeting the financial requirements of the company in respect of the increase of rolling stock, the enlargement of workshops at Montreal and elsewhere, the reduction of the grades and the improvement of the road, and the laying down of a second track on portions of the company's lines, for additional grain elevators and for providing other facilities, so as to enable the company better to meet the commercial requirements of the country. The same being more approximately set forth in detail as follows:—

ROLLING STOCK.

200 additional locomotives, about.....	\$3,800,000
5,000 additional freight cars, about.....	3,750,000
100 additional passenger cars, about.....	800,000
40 additional sleeping, dining and parlour cars.....	720,000

GENERAL WORKS.

Enlargement of shop facilities at Montreal and other points on the system.....	1,500,000
Reduction of grades and improvement of alignment between North Bay and Carleton Junction.....	500,000
Reduction of grades and improvement of alignment between Winnipeg and the mountains.....	3,000,000
Second track on portions of the company's system where increased traffic makes a second track desirable, as between Winnipeg and Fort William, the work to be done piecemeal in sections, with a view to the most economical results.....	2,500,000
Improvement of grades and alignment of short line between Montreal and St. John, N.B.....	900,000
For additional elevators, terminals, business and passing sidings and other facilities, such as are being provided from month to month, to meet the requirements of the company's business..	3,000,000
	<u>\$20,470,000</u>

And whereas, in order to enable the company to make such expenditures it is desirable to authorize such increase in the capital stock, provided that such increase shall not, nor shall any portion thereof, nor shall any moneys arising therefrom—no matter how disposed of—affect the right of the Parliament of Canada or the Governor in Council to reduce the tolls of the company under the provisions of section 20 of schedule 'A' to the Act passed in the 44th year of the reign of Her late Majesty Queen Victoria, chapter 1, or otherwise.

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Therefore, the minister recommends the approval of the proposed increase of the capital stock of the company, subject to the following conditions:—

That the said \$20,000,000 of stock shall not, nor shall any part thereof, nor shall any moneys arising therefrom—no matter how disposed of—be deemed capital expended in the construction of the railway within the meaning of said section 20, and the power of the Parliament of Canada or the Governor in Council to reduce the tolls upon the railway of the company, shall in no wise be affected by such increase of capital stock in whole or in part, nor by the expenditure of any such moneys in the construction of the railway or otherwise, but the same shall be excluded from consideration in determining the amount of capital actually expended in the construction of the railway; and further, that no portion of the said \$20,000,000 of stock shall be issued at less than its par value, the company agreeing to acquiesce and concur in the terms of this Minute of Council, and in all such steps as may be necessary to secure, at the next session of parliament, legislation confirming the provisions hereof, except in respect of the authority to increase said capital stock, which authority is hereby given by this order and does not require parliamentary sanction.

The committee submit the foregoing for His Excellency's approval.

JOHN J. McGEE,

Clerk of the Privy Council.

CANADIAN PACIFIC RAILWAY COMPANY,
MONTREAL, December 18, 1901.

To the Honourable

The SECRETARY OF STATE for Canada,
Ottawa.

We have the honour to inclose for the approval of the Governor in Council, as required by the Act, 55-6 Vic., chap. 35, a certified copy of a resolution passed by the board of directors of this company on the 9th instant, relating to a proposed increase of the capital stock of the company.

T. G. SHAUGHNESSY, President.

C. DRINKWATER, Secretary.

CANADIAN PACIFIC RAILWAY COMPANY.

EXTRACT from the minutes of a meeting of the Board of Directors of the Canadian Pacific Railway Company, duly called and held at the principal office of the Company at Montreal, on Monday the 9th day of December, A.D. 1901.

The question of the desirability of increasing the capital stock of the company having been discussed at length, the president submitted the following resolution on the subject, which was adopted, viz.:—

Whereas, the capital stock of this company at this date is \$65,000,000, divided into 650,000 shares of the par or face value of \$100 each, the whole of which has been subscribed for, issued and fully paid up;

And whereas, pursuant to the provisions of section 3 of the Act 55-6 Vic., chap. 35, Canada, intituled "An Act respecting the Canadian Pacific Railway Company," the company being duly authorized in that behalf by its shareholders at a special general meeting duly called for the purpose, may, from time to time, increase its capital stock for any purpose for which the company requires new capital, to such amounts and at such times as the shareholders at any such meeting may determine, such issue being first approved by the Governor in Council;

And whereas, the company requires new capital for the purposes of increasing its rolling stock, double tracking portions of its lines of railway, reconstructing other portions of such lines, enlarging shop facilities at Montreal and other important points

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on the system, changing grades, and for other purposes of the company ; and it is estimated that the cost of such contemplated works will amount approximately to the sum of \$20,000,000 ;

And whereas, it is deemed advisable in the interests of the company that the amounts required for the purposes aforesaid be obtained by means of a further issue of the capital stock of the company ; now, therefore, it is resolved as follows, that is to say :—

1. That it is in the interests of this company that the capital stock of the company be increased from \$65,000,000 to an amount not exceeding \$85,000,000, in shares of \$100 each, or its equivalent in sterling money of Great Britain, to be issued and disposed of by the board of directors of the company in such manner and form as may be determined by the shareholders of the company, or as may be hereafter defined by by-law of the directors ;

2. That the president and secretary of the company be and they hereby are authorized to make an application in the name of the company to the Governor in Council to have the said proposed increases of stock duly approved of ;

3. That the secretary of the company be and he hereby is authorized and directed to give notice in the manner and form provided by the statutes and by-laws relating thereto, for the holding of a special general meeting of the shareholders of the company at the head office of the company at a time to be hereafter named by the executive committee for the purpose of authorizing the said increase of capital stock, and of determining the manner and form in which the same shall be issued and disposed of.

Certified a true extract.

C. DRINKWATER,
Secretary.

CANADIAN PACIFIC RAILWAY COMPANY,
MONTREAL, December 17, 1901.

Right Honourable

Sir WILFRID LAURIER, G.C.M.G., Premier,
Ottawa.

We are sending the by-law relating to the proposed increase of our capital stock for the approval of the Governor in Council. The amount of the increase is fixed at \$20,000,000. Of course we are exceedingly anxious that the matter be kept confidential, because negotiations, extending over some period, will be necessary before we can divulge our plans. Indeed we may find that market conditions will prevent us from making the issue for several months, but we desire to deal with the transaction when it can be done to best advantage.

With the increase of our business, we are deplorably short of rolling stock, and then we must endeavour, during good times, to bring the physical condition of our property up to a high standard, so that we can economize when times are less favourable.

Our expenditures during the current year for additions and improvements, not including additional lines constructed, will amount to more than \$5,000,000. I can see a tremendous amount of work ahead that we must do to properly care for our traffic, and we have no means of providing money for these works excepting by the issue and sale of our shares.

I hope very much that the by-law will receive the approval of His Excellency in Council with the least possible delay, because I do not wish to broach the subject to our financial agents until all the formalities have been complied with.

I beg to assure you, personally, although there is, probably, no necessity for it, that the issue is entirely for the purpose of meeting the requirements of the country and the company in the matter of additional rolling stock and improved facilities ; that no stock bonus, or other advantage of that description, is contemplated or would be considered. The directors may find, when formulating a plan, that the most feasible course will be to offer the issue to the shareholders of record at par, pro rata, according to their respec-

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tive holdings, but, in any event, not a share will be sold to realize for the company less than its face value, without the express authorization of the Governor in Council.

The following shows, approximately, the expenditures contemplated :—

ROLLING STOCK.		
200	additional locomotives, about.....	\$ 3,800,000
5,000	" freight cars "	3,750,000
100	" passenger cars "	800,000
40	" sleeping, dining and parlour cars.....	720,000
GENERAL WORKS.		
	Enlargement of shop facilities at Montreal and other points on the system	1,500,000
	Reduction of grades and improvement of alignment between North Bay and Carleton Junction.....	500,000
	Reduction of grades and improvement of alignment between Winnipeg and the Mountains.....	3,000,000
	Second track on portions of the company's system where increased traffic makes a second track desirable, as between Winnipeg and Fort William, the work to be done piecemeal, in sections, with a view to the most economical results.....	2,500,000
	Improvement of grades and alignment of short line between Montreal and St. John, N.B.....	900,000
	For additional elevators, terminals, business and passing sidings, and other facilities, such as are being provided from month to month, to meet the requirements of the company's business, say.....	3,000,000
	Total	\$ 20,470,000

Of course, these works will cover a period of three or four years, but we desire to have the cash in hand, or arrangements made for obtaining it, as required, before undertaking any serious expenditure.

T. G. SHAUGHNESSY.

EXTRACT from a Report of the Committee of the Honourable the Privy Council, approved by His Excellency on January 23, 1902.

On a report dated January 22, 1902, from the Minister of Railways and Canals submitting an application on behalf of the Canadian Pacific Railway Company for approval of a resolution to be passed on behalf of the company to increase its capital stock by a further issue of Twenty millions of dollars (\$20,000,000) it was thought desirable in addition to the other conditions subject to which His Excellency has determined to approve of such proposed resolution to make provision for submission to the Supreme Court of Canada under powers vested in His Excellency of questions arising as to the effect or interpretation of Section twenty (20) of the company's charter of incorporation as found in the statute, 44 Vic., chap., 1, schedule A. and upon communication of this fact to the company and discussion of the matter the President on behalf of the company has submitted a letter addressed to the Prime Minister in which he states as follows :—

“In connection with the application of the Canadian Pacific Railway Company for approval by the Governor in Council of a proposed increase of the capital stock of the company, I beg to say in response to the question in that regard submitted to me by you, that whenever your government deems it advisable that questions should be submitted to the Supreme Court of Canada for a determination by that court of the

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effect or for the interpretation, of section 20 of the Company's Act of Incorporation, being 44 Vic., Chap. 1, our company will join with the government in the submission and argument of such questions, and if the consent of the company is necessary in order to carry an appeal to the Judicial Committee of the Privy Council, such consent will be given upon the understanding, of course, that a similar consent will be given by the crown if such an appeal is desired by the company."

The minister observes that this letter may be treated as an undertaking on the part of the company, and is given upon the understanding that an Order in Council has been or will be passed approving of the proposed increase on the terms substantially of the application now before council.

The minister further observes that it is of course understood that the company will not unreasonably delay the submission of the said questions, and will upon such submission make such admissions of fact as will be found necessary in order to place fully before the court the material required for dealing adequately with the questions to be submitted for adjudication.

The minister considers that the understanding so made on behalf of the company to consent and concur in the submission of such questions subject to the conditions stated in the letter is satisfactory, and may be accepted in the public interest, and he, the minister, recommends therefore that authority be granted to accept the understanding so made, and to communicate with the Canadian Pacific Railway Company confirming the same; and that the Minister of Justice be instructed and authorized to take immediate steps for the preparation and submission of the case to the courts.

The committee submit the same for His Excellency's approval.

JOHN J. McGEE,

Clerk of the Privy Council.

THE CANADIAN PACIFIC RAILWAY COMPANY.

MONTREAL, January 15, 1902.

Right Honourable

Sir WILFRID LAURIER, G.C.M.G., Premier,
Ottawa, Ontario.

In connection with the application of the Canadian Pacific Railway Company for the approval, by the Governor in Council, of a proposed increase of the capital stock of the company, I beg to say, in response to the question in that regard submitted to me by you, that whenever your government deems it advisable that questions should be submitted to the Supreme Court of Canada, for a determination by that court of the effect, or for the interpretation, of Section 20 of the Company's Act of Incorporation, being 44 Vic., Chap. 1, our company will join with the government in the submission and argument of such questions, and if the consent of the company is necessary, in order to carry an appeal to the Judicial Committee of the Privy Council, such consent will be given upon the understanding, of course, that a similar consent will be given by the crown, if such an appeal is desired by the company.

This letter may be treated as an undertaking, on the part of the company, and is given upon the understanding that an Order in Council has been, or will be, passed approving of the proposed increase on the terms substantially of the application, now before council.

It is, of course, understood that the company will not unreasonably delay the submission of the said questions, and will upon such submission make such admissions of fact as will be found necessary in order to place fully before the court, the material required for dealing adequately with the questions to be submitted for adjudication.

T. G. SHAUGHNESSY, President.

